

APPENDIX 6

## Interconnection Agreement Letter from PG&E

Pacific Gas and Electric Company

77 Beale Street  
San Francisco, CA 94105  
*Mailing Address*  
Mail Code B16A  
P.O. Box 770000  
San Francisco, CA 94177  
415/973-7000

**Via Mail and Fax**

**February 10, 2004**



Mr. Ralph Hollenbacher  
Hetch Hetchy Water & Power  
1155 Market Street, 4th Floor  
San Francisco, CA 94103

Subject: San Francisco PUC Hetch Hetchy DWP, San Francisco Energy Reliability Project

Dear Mr. Hollenbacher:

Pursuant to the Hetch Hetchy Department of Water and Power's (Applicant) request, Pacific Gas & Electric Company (PG&E) provides Applicant with a response to its Preliminary Application for Gas Service for a proposed San Francisco Energy Reliability Project (Facility) to be located near 23<sup>rd</sup> Street and Illinois Street, San Francisco, California. This review is based upon a request for gas service of July 9, 2005, for a gas load of 1860 MMBTU/Hr year round at an elevated service delivery pressure of 675 psig.

*PG&E views this project as speculative, and any changes to Applicant's proposed volumetric needs, or to the demand on PG&E's system, could result in modifications to information PG&E provides herein. At no time does PG&E guarantee pressures above that which is specified in Gas Rule 2 (7-inches water column). The pressures provided herein are based on computer models, which contain various assumptions and uncertainties, and therefore represent our best estimate of expected pressures.*

This project assumes that Hunters Point is off line, and that Mirant Potrero Power Plant is on line with expanded new load.

**Standard Facilities:**

PG&E proposes to tap it's Line 109 approximately 25 feet west of the meter set and install 6-inch steel pipeline to a new 12" Ultrasonic Meter. PG&E estimates this design can provide Applicant with between 80 and 107 psig as measured immediately downstream of the meter set.

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### Special Facilities:

In order to provide Applicant with possible higher gas service reliability, PG&E proposes to tap the gas header located at it's San Francisco Load Center and run approximately 275 feet of 8-inch service line to the new meter set. PG&E estimates that Applicant would see approximately 74 to 102 psig downstream of the meter set with this configuration. This additional reliability would be provided because the header is served by three PG&E gas pipelines; Line 101, Line 109 and Line 132. The Line 109 tap would be between PG&E's block valve at the San Francisco Load Center and the next valve approximately 4,500 feet downstream. A shut down on this section of Line 109 may result in interruption of gas service. If the service line is tapped into the header, service can be provided from the three gas lines.

### Costs:

PG&E's estimated Applicant order-of-magnitude cost, plus-or-minus 50 percent follows.

<b>Total Estimated Applicant Cost for Standard Facilities Design at Prevailing Service Delivery Pressure</b>	<b>Costs +/- 50%</b>
1. Install tap and 6-inch pipe from Line 109 system to meter set	\$50,000
3. Install 12-inch ultrasonic meter	\$380,000
4. Sub Total:	\$430,000
5. Income Tax Contribution of Construction (22% of 3.)	\$95,000
6. Total Applicant Standard Facility Design Cost	\$525,000

<b>Total Estimated Applicant Cost for Special Facilities Design at Elevated Service Delivery Pressure</b>	<b>Costs +/- 50%</b>
1. Incremental cost for 275 feet of 8-inch steel pipeline	\$100,000
2. Income Tax Contribution of Construction (22% of 1.)	\$22,000
3. Cost of Ownership – Customer-Financed Equivalent One-Time Payment Option	\$77,000
4. Total Applicant Special Facilities Design Cost	\$199,000
5. Total Applicant Cost – Standard plus Special Facilities Design	\$724,000

Costs do not include allowances, if any. Special Facilities costs and service will be in accordance with PG&E Gas Rule 2. Additionally, the identified ITCC rate of 22% is a temporary figure, only in effect through December 2004. In 2005, the rate will revert to the previous figure of 35%.

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**Next Steps:**



Applicant should submit to PG&E a request for Formal Application for Gas Service, which would include the following:

- A cover letter requesting PG&E proceed with the gas service connection under a Formal Application for Gas Service;
- An election of the Standard or Special Facilities Design;
- A site map of the proposed meter set location;
- Updated Cogen/Power Plant Interconnection Sheet;
- Load curve for hourly/daily projected loads both when online and during startup testing;
- The estimated annual gas usage of the proposed Facility;
- Two executed originals of the attached "Agreement to Perform Tariff Schedule Related Work; and
- A cash advance of \$45,000 to initiate engineering.

The cash advance is to initiate the engineering required to develop the project to a point where PG&E can proceed with construction, and does not include ordering long lead-time material. The final costs and work schedule for this phase will be determined as PG&E proceeds with detailed engineering and land work. Currently Applicant has approximately \$9,000 in unspent cash advance funds. The work initiated by this cash advance is outlined on the attached Agreement to Perform Tariff Schedule Related Work.

Please forward the cash advance and information requested to:

Pacific Gas and Electric Company  
Attn: Rod Boschee  
Mail Code: B16A  
P.O. Box 770000  
San Francisco, CA 94177

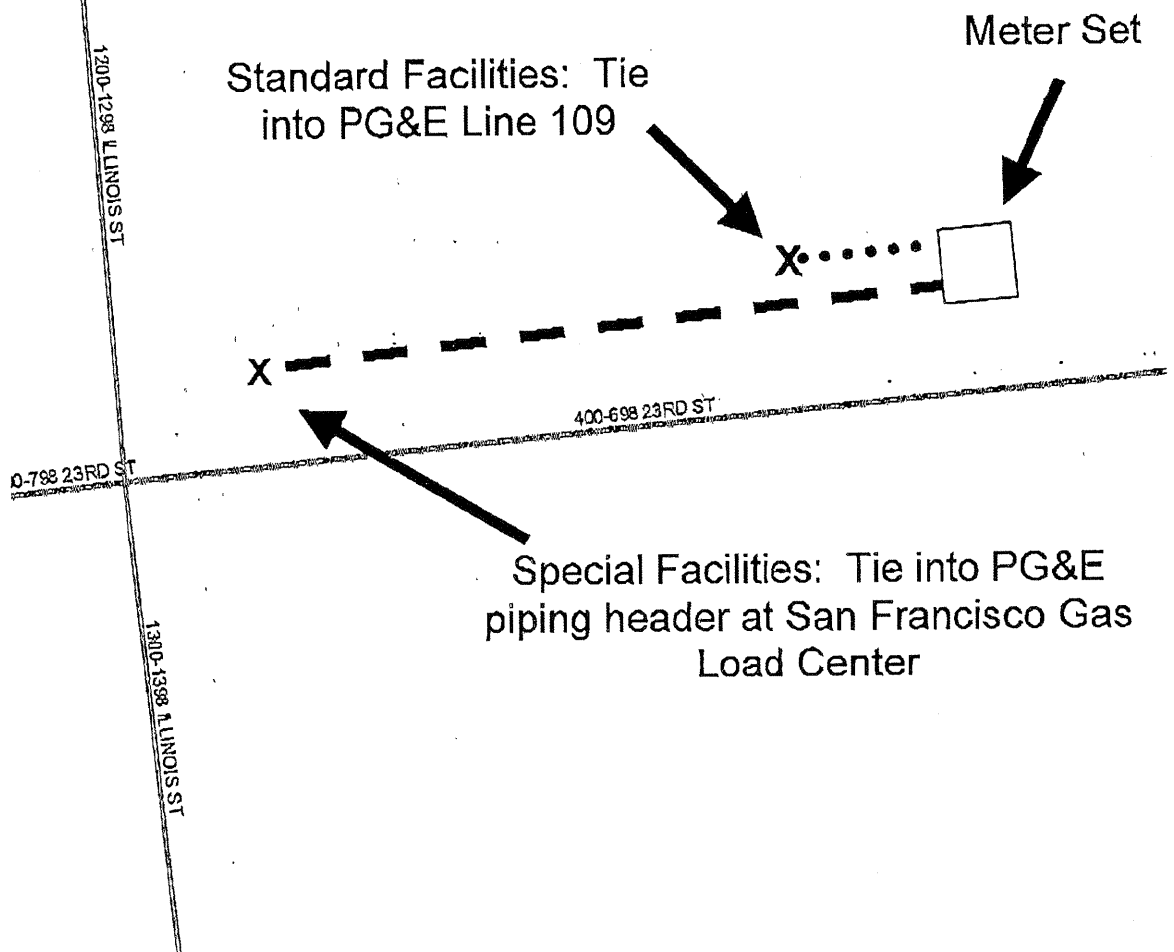
Please contact Mike O'Brien at 415-973-5652 with questions you may have.

Sincerely,

A handwritten signature in black ink that reads "Rod Boschee / MDO".

Rodney A. Boschee  
Manager, Contract Development and Management

# San Francisco Energy Reliability Project





Pacific Gas and Electric Company

## Agreement to Perform Tariff Schedule Related Work

## DISTRIBUTION:

## REFERENCE:

- ☒ APPLICANT (Original) SF PUC Hetch Hetchy DWP  
☒ DIVISION (Original) CGT - GSO - GSM&TS  
☐ ACCTG. SVCS.

San Francisco PUC Hetch Hetchy Department of Water and Power (Applicant)  
 has requested **PACIFIC GAS AND ELECTRIC COMPANY**, a California corporation (PG&E), to perform the tariff schedule related work as located and described in paragraph 3 herein.

PG&E agrees to perform the requested work and furnish all necessary labor, equipment, materials and related facilities required therefor, subject to the following conditions:

- Whenever part or all of the requested work is to be furnished or performed upon property other than that of Applicant, Applicant shall first procure from such owners all necessary rights-of-way and/or permits in a form satisfactory to PG&E and without cost to it.
- Applicant shall indemnify and hold harmless PG&E, its officers, agents and employees, against all loss, damage, expense and liability resulting from injury to or death of any person, including but not limited to, employees of PG&E, Applicant or any third party, or for the loss, destruction or damage to property, including, but not limited to property of PG&E, Applicant or any third party, arising out of or in any way connected with the performance of this agreement, however caused, except to the extent caused by the active negligence or willful misconduct of PG&E, its officers, agents and employees. Applicant will, on PG&E's request, defend any suit asserting a claim covered by this indemnity. Applicant will pay all costs that may be incurred by PG&E in enforcing this indemnity, including reasonable attorneys' fees.
- The location and requested work are described as follows: (Describe in detail the materials and facilities to be furnished and/or work to be performed by PG&E. If more space is required, use other side and attach any necessary drawings as Exhibits A, B, C, etc):

LOCATION: SF Energy Reliability Project 23rd Street and Illinois Street, San Francisco, California.

DESCRIPTION OF WORK: To initiate final design and job approval for a gas service connection:

- o Perform preliminary land work to determine refine route alternatives;
- o Develop construction drawings;
- o Negotiate easements and rights-of-way;
- o Finalize pipeline route;
- o Develop detailed job estimate, including meter set design; and
- o Develop Distribution Service & Extension and Special Facilities Agreement

- Applicant shall pay to PG&E, promptly upon demand by PG&E, as the complete contract price hereunder, the sum of Forty five thousand dollars to initiate work to develop job quality estimates and to provide final agreements to provide gas service to Applicant's facility dollars (\$ 45,000.00).

Upon completion of requested work, ownership shall vest in:

☒ PG&E

☐ Applicant

Executed this \_\_\_\_\_ day of \_\_\_\_\_, 19 \_\_\_\_.

SF PUC Hetch Hetchy DWP  
Applicant

**PACIFIC GAS & ELECTRIC COMPANY**

By: \_\_\_\_\_

By: \_\_\_\_\_

(Print/Type/Name)

M. Kirk Johnson

(Print/Type Name)

Title: \_\_\_\_\_

Title: Director, Gas System Operations

Mailing Address: 21155 Market Street, 4th Floor  
San Francisco, CA 94103



Pacific Gas and Electric Company

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2. Applicant shall indemnify and hold harmless PG&E, its officers, agents and employees, against all loss, damage, expense and liability resulting from injury to or death of any person, including but not limited to, employees of PG&E, Applicant or any third party, or for the loss, destruction or damage to property, including, but not limited to property of PG&E, Applicant or any third party, arising out of or in any way connected with the performance of this agreement, however caused, except to the extent caused by the active negligence or willful misconduct of PG&E, its officers, agents and employees. Applicant will, on PG&E's request, defend any suit asserting a claim covered by this indemnity. Applicant will pay all costs that may be incurred by PG&E in enforcing this indemnity, including reasonable attorneys' fees.
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